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HOW AMERICAN CHIEF EXECUTIVES SUCCEED

Implications for Developing High-Potential Employees

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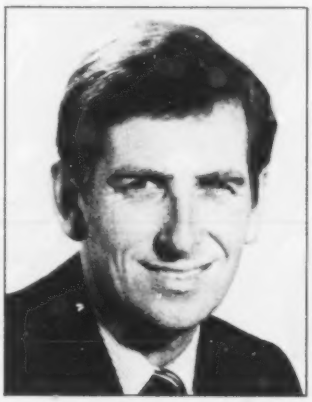

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HIGHLIGHTS and CONCLUSIONS

The development of an organization's top executives is crucial to the longer term success of that organization. Understandably so. The actions and attitudes of the senior managers have substantial impact on other people in the organization, color the formulation of strategic objectives, and condition the way things are done in order to meet those targets.

But how much do we actually know about how to develop potential executives? Or about how to identify promising young managers early enough in their careers to guide, nurture, and develop their latent capacities? In fact, how much is known about top executives themselves—the forces behind their career successes or the behavior patterns and expertise that make them powerful managers?

Questions about *how much* is known are easy to answer. We know little, and the data needed to build an understanding is patchy, at best. (See the box on page 10). Moreover, much of what we do know suggests that our efforts are missing the mark. This applies to our attempts to tag high-potential employees, to those programs designed to cultivate in them the stuff of superior performance, and to seminars aimed at providing senior executives with experiences that will help them become more magnetic leaders. The results of this survey help to overcome this problem by highlighting particular areas pertinent to CEO development.

Information concerning this last issue is of particular interest. Senior executives do not have much time to devote to their own training and development. Consequently, their efforts in this direction are usually very limited. When time is a precious commodity, the question of *what* development experiences should be sought becomes paramount.

The absense of information stems, in part, from confusion about what researchers should be measuring. Management style? Personality? Stress and pressure? The power structures and political interactions at work in an organization? Organizational culture and its relationship to personality and management style? The possible approaches are numerous.

The emphasis of this particular study is quite specific. Rather than attempt to prove a preconceived theory or concept, we went and asked CEOs straightforward questions about what they do and about how, in their view, they have succeeded. Our research began, then, a number of years ago, with extensive personal interviews with CEOs in a variety of industries. The information collected was used to formulate a questionnaire, thus allowing for a broader statistical validation of those insights gained during the interviews.

The current research aims to provide up-to-date, practical information on chief executive officers in the United States. Although the questionnaire has been used extensively, first in the United Kingdom and then in other countries, this report concentrates on the findings of the U.S. study. Seven-hundred and eleven American CEOs participated.

A LOOK AT EARLIER RESEARCH

In spite of the paucity of comprehensive data, a number of efforts by previous researchers merit attention. The work of Mintzberg (1973) provides valuable insights, but the study involved only five top managers and is now over ten years old. Copeman (1971) conducted an interesting study of international senior managers. Beyond this, there have been a number of useful descriptions of executive work, such as that produced by Dalton (1959). Kotter (1982) provides comprehensive observations of 15 general managers, conducted over several years. Although this work does not focus specifically on CEOs, many of his comments on interpersonal skills and communication patterns corroborate our findings (see Chapter 3). Other more systematic approaches have been adopted by Horne and Lupton (1965), Stewart (1967), and Boyatzis (1982), but these, again, do not specifically concentrate on chief executives. The work by Boyatzis merits special attention in this report because of its link with the AMA Competency Program (see Chapter 4).

Also, one needs to acknowledge the vast range of literature on leadership (Margerison, Hunter, and Drake 1979, for example). The main thrust of this genre, however, has been toward the generation of theory rather than pragmatic application. There have been certain useful outcomes from such studies (Blake and Mouton 1964; Reddin 1970), but these have concentrated on developing training technologies rather than addressing the practical needs of persons considered to have top top-executive talent.

The results provide insights into the chief executives of today and have implications for management development programs designed to produce the chief executives of tomorrow.

WHAT THE RESEARCH SHOWS

Two key findings emerge from the data.

First, the results underscore the need to give young executives practical leadership experience early and to combine these experiences with tasks in which they can exercise their personal drive, determination, and ability. And it is equally important to move those who demonstrate superior results into a broad range of experiences across as many functional areas as possible. The results show that there is no substitute for this kind of planned and guided experience.

Second, the data reveal the need to pay more attention to personal and interpersonal factors in selecting potential top executives. In particular, it is important to examine the manager's motivational drive—his or her need to achieve results—as well as interpersonal skills and communication ability. These traits, combined with an environment of challenge and opportunity where experience can be gained through practical involvement, are the basic ingredients for developing tomorrow's CEOs.

What role does special, off-the-job training have in nurturing such skills and personal traits? Very little, at present. The respondents ranked this concept as nineteenth among twenty-one factors influencing their own success, and thirteenth among areas that should be stressed in developing others.

Insights such as these ring true, confirming our own observations of successful managers and our common sense notions. In fact, many of the findings take on an ironic edge when read in the light of prevailing management selection and development practices. More specifically, this is what we found:

- The chief executives surveyed feel that the major influences in their rise to the top did not stem from their formal education, family sup-

port, relationship with a mentor who served as a role model, or other such external factors. Rather, the key influence was a personal and deeply felt need to achieve results. This, combined with an ability to work easily with a wide variety of people, had the most influence on career development.

- Other important influences include a willingness to respond to challenge and to take risks and the opportunity to take responsibility for important tasks early in their careers. (These findings emerge from two separate sections of the questionnaire, one that asked the CEOs to rate various influences, and another that called for answers to a series of open-ended questions.)
- The leap to the top comes after an important series of progressive steps that any budding CEO must take into account. On average, the executives were appointed to senior management in their mid-30s, and their first appointment as CEO came about six or seven years later. Thus, the critical period of learning and development occurs during the managers' early 30s and culminates in a rapid move toward the CEO position. Making such a transition requires concentration of considerable experience into a relatively short period of time. On average, the CEOs had approximately eight separate roles throughout their careers, including their current one. This means that they moved from one role to another every three years. This does not mean, however, that they regularly changed organizations. The majority of respondents had worked for only three or four employers.
- What learning activities does a CEO need to focus on in order to improve his or her effectiveness? Important as it may seem, education in the business side of management—financial systems, marketing techniques, production methods, and the like—plays a relatively small role in the executive's ongoing development. Rather, the greatest emphasis is on communication skills, delegation, respect for others, decision making, and self-discipline.
- What lessons are the hardest to master? Clearly, planning activities, paperwork, and meetings command the most time. And dealing with interruptions and unplanned activities causes frequent frustration. But the lessons of office, according to the respondents, are learned from the interpersonal aspects of managing—dealing with people, delegating, handling conflicts, hiring and firing, and the like.
- The female CEOs who participated in the survey (there were 25) indicate that their need to achieve results has to be stronger than their male counterpart's and that they have to exercise a greater willingness to take risks. Also, the females see a greater need to learn to deal with organizational politics in order to improve their effectiveness once in office.
- Asked to rank a series of statements about their preferred methods of working, the CEOs revealed that they were primarily enterprising people with a preference for "dealing with problems that are difficult to define and that require the ability to organize people to meet a challenge and succeed." Second in importance comes an interest in work that involves an "opportunity to meet and share ideas with many other people" and that calls for "influencing how others think and behave." Third, they indicated a preference for dealing with conceptual work in which they had to think things out for themselves and exercise curiosity. Last in the ranking of six work methods was an interest in dealing with "concrete technical tasks."

Why the recurring emphasis on interpersonal skills? There are, perhaps, several concepts at work here. Any act of delegation requires a trusting and understanding relationship between two (or more) people. Also, consider the type of interpersonal give-and-take that makes strategic planning sessions profitable. Or think about the cooperative, interpersonal networks that an executive must build among the various factions and coalitions in an organization in order to resolve conflicts and accomplish a corporate agenda.

Again, very little in our current management development provides pragmatic help in developing these skills. Our closing chapter highlights a number of innovations in management development that may provide an answer.

1

ABOUT the RESEARCH

This report is part of a much larger, ongoing research effort launched a number of years ago in the United Kingdom. The preliminary research involved an extensive round of personal interviews with CEOs selected from a variety of industries. The tactic, at this stage, was simple enough. Using a few carefully worded questions, we got the CEOs talking about their careers—the people, events, and personal assets that helped them achieve their current positions. And we asked some pointed questions about the problems and issues they had difficulty in dealing with once they assumed office.

Specifically, the research was designed to answer these questions:

1. What do those who are chief executives believe were the key influences in helping them become successful?
2. What did they have to learn to perform their roles effectively and what do they find to be the most difficult parts of their jobs?
3. Why did they reach the position of chief executive and how do they view their fellow executives?
4. What takes up most of their working time?
5. How important is the personality of the CEO in achieving success?
6. What management development areas should those aspiring to senior managerial positions concentrate on in preparing themselves for such roles?

Some of the terminology may need clarification. The references to "success" in items one and five point, primarily, to career success: the fact that the respondents have been able to achieve and maintain positions of leadership. "Effectiveness" refers to the executive's ability to "get results," measured against established targets.

The information collected during these interviews became the basis for a more formal questionnaire. We were able to identify, for example, 21 "influences" that were frequently mentioned as crucial to the respondents' careers, and these concepts gave us the material for the "Key Influences" section of the questionnaire, which will be discussed in the next chapter.

Both the interviews and the questionnaire used the same tactic: First, get the CEO thinking intensely about the factors that contribute to both career success and effective management at the senior level, then ask a key question: "What areas should receive greater emphasis in helping others attain positions of senior responsibility?"

Research of this nature is always open to criticism. Those researchers who prefer more empirical methods will contend that CEOs are often not capable of accurate self-assessment and that their opinions are too subjective to produce valid information. Rather than argue about which method creates the greater bias—self-assessment or the presence of a supposedly objective observer—we will simply ad-

Exhibit 1. Information on the survey respondents.

Company size, based on number of employees	
Fewer than 100	38.1%
100 to 499	24.1
500 to 2,499	20.7
2,500 to 4,999	6.1
5,000 to 9,999	4.7
More than 10,000	6.3

Respondents' education (highest level)	
Did not complete high school	1%
Graduated from high school	2
Completed some college	12
Completed a bachelor's degree	29
Completed some graduate work	24
Completed one or more graduate degrees	33

Number of separate jobs (including current job)	
1 - 5	35%
6 - 10	39
11 - 15	18
16 - 20	5
More than 20	4
Average	7.8

mit that we cannot take the "opinion" and "self-assessment" components out of our findings.

At the same time, the reader should understand that the suggestions on management development, presented throughout this report, *are our own insights*, based on the evidence collected, rather than opinions expressed directly by the CEOs.

THE SURVEY PARTICIPANTS

This report is based on the responses to a questionnaire mailed to the chief executives of 5,000 companies in the United States. The mailing list included the

Exhibit 1. continued-

Number of separate organizations worked for (including current employer)	
1 - 2	38%
3 - 5	49
6 - 8	10
9 - 10	1
More than 10	2
Average	3.6

Work experience	*Original Technical Area*	*Area With Most Experience*
General management	14%	48%
Marketing	21	18
Research and development	13	5
Manufacturing	11	8
Finance	8	5
Insurance	4	3
Management information systems	3	4
Personnel	3	2
General services	2	1
Purchasing	1	*
International management	*	1
Packaging	*	*
Other	19	4

Age-advancement profile	
Average age when entered upper management	32.9 years
Average age when first appointed chief executive officer	39.4 years
Present average age of chief executive officers	48.7 years

Fortune 500 as well as CEOs randomly selected from the American Management Associations' membership list. In all, 711 chief executives completed and returned questionnaires, a 14 percent response rate. Of these, 25 were women and 686 were men. Although only 4 percent of the respondents were female, their numbers are statistically sufficient for comparative analysis with their male counterparts. This report, then, not only looks at the responses in total, but also comments on these responses split by sex.

The chief executives represent a wide cross section of industries, including manufacturing, finance, wholesale, retail, health care, communication, transportation, and various professional services. Only one percent came from government-related agencies.

The size of organizations represented ranged from small (fewer than 100 employees) to substantially large (more than 10,000 employees). The sample, however, is clearly skewed toward the smaller and mid-size company. On average, the organizations represented had an employee population of about 1,600. Only 11 percent of the CEOs headed organizations of more than 5,000 workers. For this (and other) demographic information, see Exhibit 1.

The age profiles are similar to those yielded by our 1980 study of the United Kingdom chief executives. That study showed that managers exhibiting chief executive potential were appointed to senior management positions by the age of 33 and became chief executives at age 41, on average. Further analysis of the data obtained from both studies indicates that the earlier the respondents entered into upper management, the faster they moved to CEO.

Company size, however, makes a difference in the age-advancement pattern. The larger the company, the older the respondents are before entering into upper management, and the longer the time lapse before they are appointed CEOs. In this study, the CEOs of the larger companies (more than 10,000 employees) entered upper management in their *late* 30s, with the CEO appointment coming about ten years later.

The American CEOs are well-educated people, with 86 percent holding at least one degree. In comparison, the United Kingdom study identified 65 percent as having at least one degree.

The American respondents indicated that, on average, they had worked for 3.6 separate organizations and held 7.8 categorically different jobs. Again, the results are similar to those obtained in the United Kingdom. The British executives had worked for 2.9 organizations and held 8.1 different jobs. The respondents in this study indicated that they work an average of 53.7 hours a week.

On average, people who exhibit CEO potential are appointed either to a senior functional position or a general management position in their early or mid-30s. There seems to be a crucial 8 to 9 year period from appointment to general manager to CEO (a year or two longer in larger companies).

Consequently, the results from the U.S. and U.K. surveys highlight how vital management development is in terms of helping senior managers perform effectively in a general management role. The next chapters provide us with information on what to do to develop senior managers during these 8 to 10 critical years in preparation for a top job. First, let's concentrate on what chief executives consider to be the key factors that have led to their success.

2

KEY INFLUENCES on MANAGERIAL DEVELOPMENT

Few studies of managerial leadership have asked CEOs themselves what they attribute their success to. Our research started by doing just that.

During the personal interviews, we were struck by how frequently the executives were willing to share personal anecdotes that illustrated how they had set high standards, then encouraged others to work along with them in achieving those goals. Obviously, CEOs take pride in achievement and expect others to do so.

Exhibit 2 lists this concept—defined as "a need to achieve results"—as well as 20 other "key influences" that the early participants felt were instrumental in their own career development. All the statements, then, are based on the CEOs' real experiences, rather than hypothetical concepts.

The questionnaire presented potential respondents with this list of key influences and asked them to rate each item in terms of its importance in helping them achieve their current status. The following scale was used.

1 to 5	Of low importance in helping me become an executive.
6 to 10	Of fair importance in helping me become an executive.
11 to 15	Of average importance in helping me become an executive.
16 to 20	Of substantial importance in helping me become an executive.
21 to 25	Of great importance in helping me become an executive.

This scale gave the executives five major categories from which they could choose to express their opinions. Within each category, they also had a range to indicate the strength of their choice. For the purposes of analysis and presentation, the responses have been multiplied by four to get a total scale ranging from zero to 100.

Here's what the results show.

1. A need to achieve results. Think of the typical CEO, and terms like "self-starter," "high energy level," and "drive" come readily to mind. The stereotype rings true. More than anything else, CEOs feel that a personal need to achieve brought them the success they have today.

What this means in practice is that CEOs like setting difficult targets and working hard to meet them. And they believe that high performance standards help them learn how to manage themselves and others more effectively.

Exhibit 2. How CEOs rate the impact of 21 "key influences" on their own career development.

Total Respondents		*Males*		*Females*	
Ranking	*Statement*	*Score*	*Ranking*	*Score*	*Ranking*
1	A need to achieve results	80.8	1	86.4	1
2	An ability to work easily with a wide variety of people	78.8	2	82.4	2
3	Challenge	76.4	3	80.8	4
4	A willingness to take risks	73.2	4	82.0	3
5	Early overall responsibility for important tasks	72.0	5	77.2	6
6	A width of experience in many functions prior to the age of 35	70.4	6	74.4	7
7	A desire to seek new opportunities	68.8	7	79.6	5
8	Leadership experience early in my career	67.2	8	69.2	9
9	An ability to develop more ideas than my other colleagues	66.8	9	73.6	8
10=	An ability to change my managerial style to suit the occasion	61.6	10	64.4	13=
10=	A basic desire to determine the central strategy of an organization according to my own principles	61.6	11	68.4	10=
12	A determination to get to the top ahead of others	60.8	12	64.4	13=
13	An ability to make "deals" and negotiate	59.2	13	64.4	13=
14	A sound technical training	58.8	14	51.2	17=
15	Family support (parents/spouse)	58.0	15	49.6	19
16	Visibility to top management before age 30	57.6	16	66.8	12
17	Developing and using political skills in the organization	48.8	17	68.4	10=
18	A manager early in my career who acted as a model	47.6	18	58.0	16
19	Special "off-the-job" management training	42.8	19	51.2	17=
20	An experience of leadership in the armed forces (peacetime/wartime)	39.6	20	22.0	21
21	Changing jobs at regular intervals	33.6	21	42.4	20

Studies conducted by McClelland (1965) and Ghiselli (1971) also point out the importance of personal achievement. However, as we shall see later, little has been done to measure an executive's achievement orientation before he or she is selected for a job. Of course, no one attains a high office without a considerable amount of personal drive. To a great extent, then, top managers are "self-selecting." But this doesn't mean that our formal selection and development efforts can't be made to work far more closely with the process of natural selection.

2. An ability to work easily with a wide variety of people. "T.J. Watson didn't move in and shake up the organization," states Thomas Watson, Jr., referring to his father's approach to transforming the Computing-Tabulating-Recording Company into the organization now known as IBM. "Instead, he set out to buff and polish the people who were already there and to make a success of what he had." The senior Watson's success is a matter of record. To this day, IBM is widely cited as a leader in human resources management aimed at "buffing and polish-

A CHEMIST IN SENIOR MANAGEMENT

"What really prompted me to think about my new role," confided one recently appointed senior manager, "was the realization that most of the people I was leading knew more about their jobs, in their own technical areas, than I did." During his first months in office, he found himself dealing with individuals from a variety of backgrounds: finance people, personnel experts, computer specialists, physicists, and so on. And because he knew very little about these fields, he came to see his relatively narrow experience as a chemist as a serious liability. "Things started to happen—in other words, I started doing things right—the day I stopped trying to understand all of the different areas. My task, I realized, was to understand these people as individuals and to figure out how I could get them working together as a team."

ing" employees to unlock their full potentials.

Both male and female CEOs cite their ability to work with what they have—"a wide variety of people"—as the second most important influence in their success. But this should not be taken to mean that the respondents are congratulating themselves on their interpersonal diplomacy. The ability to work with a wide variety of people is something that doesn't come easily to most people. Executives are no exception. They have to learn skills such as communication, delegation, and patience to get where they are. And as they point out later, "managing others" is the most difficult part of the job (Chapter 3). While some training may have helped along the way, for the most part, they learned from experience.

This result is in line with the U.K. survey. The British CEOs placed this factor as number one on their list and ranked it substantially ahead of the other concepts.

3. Challenge. Both male and female CEOs see the *challenge* of taking on a senior role as a factor in the learning process. Challenge is closely related to issues of personal identity and personal growth. Through their jobs, managers find out who they are, how able they are, and how far they can go.

The question of what constitutes a challenge for a senior executive has not been sufficiently researched. For some, the stress of a demanding job adds excitement to their lives and brings out the best in them. They thrive on it. Ironically, those CEOs who spend a great deal of their lives trying to organize and simplify operations also enjoy a high degree of challenge and complexity.

Today, the pace of technological, economic, and social change makes it difficult to determine how challenging a job will be. Increasingly, managers have to be able to adapt and develop more quickly. In more stable times, it was possible to predict with some certainty what the new demands on a person would be when he or she moved from salesperson to sales manager or from bank clerk to bank manager.

CEOs who relish challenge will not want to preside over a stable situation where they maintain the status quo. Indeed, if change does not occur, they will usually instigate it by seeking new and better ways of doing things. Typically, CEOs have a competitive streak in them. They like to win. Setting targets and achieving results is a vital part of the challenge that they see in a job. As a mark of identity and self-respect, they feel they should be able to meet and beat their own high standards. At its best, such an approach involves the CEO in establishing a challenging and stimulating environment for people to pull together. At its worst, of course, such an approach leads to counterproductive competition and a culture of "me first" with no team spirit.

4. A willingness to take risks. American CEOs feel they have learned a lot by being willing to take risks. They ranked it in fourth place. British CEOs, on the other hand, rated this item as only seventh on their list. What kind of risks are they referring to? CEOs are not gamblers. They're talking about risks which are well assessed in terms of the probabilities and

judged on the basis of careful evaluation of the evidence. Once that is done, the CEOs are likely to make decisions rather than sit around waiting for more information. Risk-taking involves committing time and resources to a project even when all of the necessary information is not available.

In other words, CEOs take *calculated* risks. Some are risks involving their own careers (for example, moving from one job to another, or into a new organization). Other risks have more to do with the allocation of resources (presenting budgets, spending corporate money, proposing new initiatives, and introducing new practices). Whereas some of the decisions, such as those involving careers, are made on a personal or family basis, the others involve persuading colleagues to share the risks and to be involved.

CEOs mentioned in the interviews that they believe in forgiving people for taking "honest risks" that don't work out. The message is clear that young managers are unlikely to become senior managers unless they can assess a risk, make a decision, and take responsibility for consequences. It is only when the decision involves putting money on the proposal that the real risk shines through. It is then that CEOs feel they are really learning by doing. Their jobs and their reputations are at stake. Risk-taking concentrates the mind and generates experience essential to the senior executive.

5. Early overall responsibility for important tasks. CEOs feel that having responsibility for important tasks early in their careers was important in their management development. (Males ranked it fifth; female CEOs ranked it sixth.) In real terms, this often means having a profit and loss responsibility for a unit. Many of the CEOs we surveyed were just over 30 years of age when given this responsibility, and in many cases, much younger.

Living with the day-to-day responsibility of managing a major sector of an enterprise also concentrates the mind and provides many opportunities for learning. The executives had the opportunity early in their careers to write budgets, plan the allocation of work, make decisions on key factors such as prices and quantities, and select and lead a group of people to achieve targets which they had an important part in setting. As one manager said, "I had the opportunity early in my career to get my arms around part of the business and say 'I am responsible for that'."

The executives enjoyed such responsibility because they could see how they were performing against observable measures, such as costs, profits, productivity, output, and so on. In short, they had areas of the business delegated to them which were defined units for action and responsibility.

6. A width of experience in many functions prior to the age of 35. According to the CEOs, if a person is to be destined for senior management, he or she should have wide business experience before the age of 35. It is useless to leave a potential senior executive locked in the engineering department doing a technical job year after year, hoping he or she will learn the job of management. Likewise, why keep an accountant involved solely with the financial aspects of the business and then suddenly ask him or her to take on a senior management role?

To get the width of experience necessary to take leadership at a higher level, people should be encouraged to apply their skills in other functions. This requires foresight on the part of both the individual and the organization. Carefully worked out manpower plans enable people to gain the necessary experience in various functions.

Male and female CEOs have discovered that by crossing functional boundaries, they learned how business functions can be integrated at a senior level. Although not everyone has this opportunity, people who are to move to the policy levels should have experience in at least two or three functions other than their own professional areas.

British CEOs concur with the importance of wide experience in many functions prior to the age of 35. They rate it fifth in the list of factors. Obviously, there is no substitute for experience.

7. A desire to seek new opportunities. The British and American CEOs revealed a marked difference of opinion on this issue: the U.S. executives rated it as seventh, the U.K. respondents as eleventh, among the twenty-one key influences. This suggests that the American respondents may be more future-oriented than their British counterparts.

Given the speed with which technology is moving, it is not surprising that a desire to seek new opportunities is important to both groups. Rather than pursue the status quo and consolidate existing operations, the executive needs to look beyond the current product range and market to find new ways of doing things. Their emphasis, therefore, is on continual improvement, setting new standards, working toward higher goals, and seeking to stay ahead. In a competitive world, there is no other way to succeed. And the U.S. respondents seem to have a keener sense of this than do the British.

8. Leadership experience early in my career. During the personal interviews, many of the CEOs vividly recalled their first leadership command. Some were able to cite the day and the hour. "If you're not leading people," commented one respondent, "you're not leading anything."

Learning to lead is essentially a practical experience, something that can be gained only by having to coordinate and manage others. According to the CEOs, such leadership has to be initiated well before the age of 30—and it is a powerful factor in a person's development as a manager. Although many people are well qualified technically, they do not always find it easy to lead. And because of the degree of specialization in today's organizations, it is not always so easy to get the kind of broader leadership experience that was possible when organizations were smaller and less sophisticated.

9. An ability to develop more ideas than my other colleagues. It is difficult to assess whether senior executives really do have *more* good ideas than other colleagues. Granted, they are in a stronger position to implement their ideas than others in an organization. Nonetheless, they feel that their own rise to the top can be attributed to the number of ideas they develop and their determination and desire to make those ideas work.

Many people have good ideas but not everyone ensures that other people are committed to them. It is necessary, therefore, that more senior executives, when they do identify with an idea, see it through to the end and produce results. This again is a way to test the young manager.

10. An ability to change my managerial style to suit the occasion. Much has been written about managerial style. Consequently, numerous training programs have been designed to help managers identify their own particular approach. CEOs, however, realize that there is no one best style. Although a dominant style may influence their own approach, they can, nevertheless, move between a democratic and an autocratic approach as required.

Currently, work is being done which examines people's work preferences, looking, in particular, at how individual personality needs influence the way in which a person organizes the job and develops his or her team (Margerison and McCann 1984). A study of Glube (1979) also found that most successful CEOs, independent of training, can use their behavior to get results from people. He called this ability "managerial empathy."

The important thing about varying individual managerial style is remaining true to oneself and others. That is, the manager must have a range of behaviors and be able to play across the range without in any way feeling that he or she is behaving incongruously. With this skill in tow, CEOs feel they are able to grow with their jobs and influence people. (Note: This item is in a tie position with the next concept for a tenth-place ranking.)

10. A basic desire to determine the central strategy of an organization according to my own principles. This factor relates to how an organization is governed. Normally this is referred to as the policy factor.

Perhaps it is politicians who would rate highly the desire to impose their own strategy on an organization. For CEOs, however, the important thing is getting the job done and ensuring that the organization survives and succeeds.

However, CEOs *do* want to direct things along the lines they feel are right. But personal principles are not a primary force enabling chief executives to get to senior positions. Indeed, they apply their principles as they proceed and succeed probably as a function of their work.

Once a person has reached a senior position, his or her principles and values are major forces which can influence not only the organization, but also the development of other senior managers, as well as business relationships.

12. A determination to get to the top ahead of others. Success is normally associated with a determination to scramble to the top, but the CEOs surveyed didn't place much importance on it.

It may be, we realize, that people are not prepared to admit that they are ambitious. Being overly ambitious is often regarded as a "grievous fault."

Nevertheless, in identifying people for senior management positions, it is important to assess how determined they are to manage an organization. Leading an organization is not for everyone. Some people are quite prepared to be led. But others like to be in a power position where they can influence others.

CEOs recognize the competitive nature of organizational life and feel that in a number of cases, their own management development was influenced by their desire to get to the top. Not surprisingly, the other success factors (the need to achieve results, challenge, and a willingness to take risks, as well as the desire to seek new opportunities) can be better achieved if one is placed higher in an organization where one has more power and resources.

13. An ability to make deals and negotiate. All managers have to establish ways of getting things done. Allocating work, purchasing materials, resolving budget complexities, or face-to-face bargaining with unions all involve deals and negotiation.

Making deals and negotiating is a political aspect of organizational life (Kakabadse 1983a). CEOs must coordinate work among departments in addition to participating in the more formal side of negotiation. Most have to work at developing this skill. They learn through practical experience. Those with early leadership experience and responsibility for important tasks were naturally presented with such opportunities for learning. They were forced to take the required tough stances and to remain flexible when necessary, both tactics that are the mark of an effective negotiator.

14. A sound technical training, in one sense, was "taken for granted" by many CEOs. They feel that it was a minor influence in their rise to senior positions. Although they may have been trained as engineers, accountants, statisticians, economists, or in some other function, their training was only a starting point.

Some form of technical training is valued and seen as necessary, irrespective of the area. It indicates that a person is able to master a particular area before becoming more of a generalist. Indeed, moving from a specialist position toward a generalist manager is one of the key issues in successful management development. CEOs did not remain in technical areas for too long. They gained experience in a number of areas as generalists.

In designing management development processes, this is a key point. CEOs point out that they are able to use their technical training as a springboard into the wider functions of management. They feel it was important to gain leadership experience early, together with wide overall responsibility for important tasks and experience in many functions before they were 35. Technical training was the base on which they built. It was necessary, but not sufficient.

15. Family support—parents/spouse. People gener-

ally attribute their successes to themselves and their failures to others. In accordance with the first part of this statement, CEOs feel that a considerable amount of their managerial development was a function of their personal abilities and attitudes.

While family support is helpful, it has little influence upon a person's development as a manager. A number of chief executives mentioned that a senior managerial career can get in the way of family life. Some managers felt that they had put their careers ahead of their families. As one senior manager put it, "At one stage of my life, I was not a very good family man." They feel that their commitment to working long hours under high pressure led to considerable stress in their home lives.

Of course, senior people have to be away from their homes for various periods of time, often on short notice. In addition, they must often work long hours and take work home. In situations like these, one would expect senior managers to rate family support as a strong influence on their careers. However, on a relative basis, this is not so, compared to the other factors. Indeed, for women managers, family support is ranked nineteenth out of twenty-one.

Overall, we have to conclude, as we did in the U.K. study, that family support is not a dominant factor in determining managerial success, but something that can help if you have it.

16. Visibility to top management before the age of 30. CEOs do not believe that having a high-visibility job early in their careers was important. It is often assumed that it is to a young person's advantage to be in corporate headquarters close to the top decision makers. We did not find this to be true.

The old adage "It's not what you know but who you know" may be correct, but not with this survey group. It is worth noting that female CEOs attach greater importance to this factor than males.

17. Developing and using political skills in the organization. Did political skills play an important part in the CEOs' rise to the top? The male CEOs we surveyed do not see their rise in the career ladder as a result of Machiavellian activities.

This may or may not be the case. In all organizations, the politics of who gets what from whom (and for what) plays an important part. This is particularly so in selection of people for various jobs, for such decisions must be as much a matter of opinion as they are of fact.

Perhaps they place political skills near the bottom of the list because it is more socially acceptable to diminish this kind of facility. (Female CEOs rated this item tenth.) As Kakabadse (1983a) has indicated, political skill is a difficult topic for a person to debate objectively. It could be that many CEOs develop and use political skills intuitively without being openly conscious that they are "playing politics."

18. A manager early in my career who acted as a model. A great deal has been written about the role of a managerial mentor in influencing the development of young executives. However, we found that CEOs do not see having a mentor as important. Again, this is a factor external to themselves.

Top people in other professions often have had a mentor. In sports, for example, people who are seeking to be successful often model themselves on the top people. They try to play golf like Jack Nicklaus, for example. According to CEOs, however, the business world is different.

19. Special "off the job" management training. This factor is rated low by both male and female managers. Given the emphasis that is placed on formal management education and training today, it is somewhat surprising that CEOs do not value "off the job" management training.

It does, however, emphasize the importance of practical experience and the individual characteristics of the people involved as the major factors influencing developing managers. Off-the-job management training, consequently, is only supplementary. The important issue is to design such training so that it is related to the specific experience people have in their management work.

Sound technical training is valued more than special off-the-job management training. (It could be that the CEOs in question had not received a lot of off-the-job management training, or indeed that such training was not of a sufficiently high quality.)

This finding should be of special interest to human resources personnel. Clearly, management training for senior people needs to be reviewed. The first step should be to ask CEOs and senior managers what their own management training needs are and what they feel other younger managers who report to them need in order to develop their careers. While much lip service is given to consulting people about management training, in our experience it is rare for CEOs to meet as a group to discuss such issues or indeed for top management to spend any significant amount of time on such matters, given the other pressing demands of the business.

20. An experience of leadership in the armed forces (peacetime/wartime). In the individual interviews, a number of people mentioned the importance of receiving a leadership command early in their careers while serving in the armed forces. But it was not universally true for everyone who served. Some may not have had leadership experience at the time.

The insignificance of this factor may suggest that skills acquired in that particular environment are not easily transferred to a commercial environment.

21. Changing jobs at regular intervals. Given that the managers in our survey worked (on average) for between three or four companies during their careers and held between seven and eight different jobs on their way to becoming CEOs, we felt that this factor might be important. However, it wasn't for either male or female executives. They are clearly mobile in their careers (given the number of separate roles they occupied). On closer examination, we found that they defined their own moves not so much as changing jobs, but moving forward and upward in an organization. Therefore such moves were more an extension of the job that they *had* rather than something entirely different.

SUMMARY

The respondents place qualities related to their personal characteristics and behavior highest on their list of career influences. Factors external to themselves—education, family support, mentor relationships, and the like—are comparatively less important.

The pattern is easy to see. The CEOs are people with a high need to achieve; they are prepared to work with others; they seek opportunities, take risks, and learn quickly from a wide variety of work experiences. Individuals with these qualifications are more likely to make it to the top of the organizational ladder.

3

BECOMING an EFFECTIVE EXECUTIVE

The successful CEO is a cultivator of interpersonal networks. Our respondents clearly imply that learning how to build productive working relationships with others is far more challenging—and perhaps taxing—than mastering such activities as strategic planning and financial control. In fact, many of the CEOs seem to have been ill-prepared for the intense interpersonal demands of the job.

This finding points directly at the realities of managing a corporation. Dealing effectively with others who wield power and influence—whether it be in the boardroom or on the shop floor—demands a network of lieutenants, confidants, trusted subordinates, and friends. By necessity, it's the CEO's network, moreso than the CEO himself, that steers the corporation. And the higher one rises in the corporation, the more important the link with others becomes.

This emphasis on the interpersonal side of management may startle some readers only because we have been far more successful in teaching the technical side of management (how to develop a successful marketing plan, for example, or how to implement effective financial controls) than in educating managers in how to cultivate effective relationships.

This section of the questionnaire asked the respondents to supply answers to a series of open-ended questions related to how they had achieved positions of prominence and what they had learned along the way. The results provide an important link between Chapter 1, the key influences on success, and Chapter 4, the implications for management development. Specifically, six questions were asked.

- What are the three most important things you have had to learn to perform your role as an executive?
- In your experience, what are the three most difficult parts of your job as an executive?
- I believe I reached this senior management position because . . .
- What three words or phrases would you use to describe other effective executives you have known?
- What are the three things that take up most of your work time?
- What do you consider are the three key management development areas that should be concentrated on in developing others for positions of senior responsibility in your organization.

Open-ended questions such as these naturally result in a wide variety of responses. Thanks to the efforts of our colleague Ian Dunbar, it was possible to group the responses in a meaningful way. For most of the questions, two broad categories emerged: personal activities (those related to the individual) and interpersonal (those related to interaction with others).

The data support the earlier finding that the "people

LEARNING FROM MISTAKES

We can learn from those who failed to soar to the position of CEO, too. Two behavioral scientists at the Center for Creative Leadership in North Carolina approached the executive success issue in a different way. They spoke with corporate "savvy insiders," top executives, and senior human resources professionals, comparing 20 "arrivers" (those who made it to the top) with 21 "derailers" (those who were bypassed).

Both the arrivers and the derailers, they found, started out with equal credentials: They were extremely bright, showed promise early in their careers, and were ambitious. But, for one reason or another, they fell short of the executive level. In some cases, they were victims of circumstances, such as economic upheavals or political maneuverings. But for other failings, they were directly responsible. The following were the ten most frequently mentioned:

1. Insensitivity to others
2. Aloofness, arrogance
3. Betrayal of trust
4. Overly ambitious: thinking of the next job, playing politics
5. Specific performance problems
6. Overmanaging: inability to delegate or build a team
7. Inability to staff effectively
8. Inability to think strategically
9. Inability to adapt to a new boss
10. Overdependence on mentor

Other differences between the arrivers and derailers were:

- When arrivers were in error, they admitted the mistake and corrected it without blaming others. Derailers, on the other hand, became defensive, secretive, or passed the blame onto others.
- Arrivers and derailers dealt with pressure differently. Derailers were often described as moody or volatile when put under pressure. Arrivers were calm, confident, and predictable.
- Seventy-five percent of the arrivers got along with all types of people. They either had an innate ability to interface in this way or learned it on the job. Only 25 percent of the derailers displayed this ability. (See McCall and Lombardo, 1983.)

skills" associated with management are regarded as the key to the CEO's effectiveness. The ability to manage people is emphasized time and again in the following tables.

LESSONS OF OFFICE

Question: What are the three most important things you have learned in order to perform your role as an executive? See Exhibits 3a and 3b.

Communication is the single, most frequently mentioned activity. Ensuring that others understand what he or she is trying to do is a vital part of the CEO's job, a concept the respondents expressed in a variety of ways: "Giving firm, direct, clear, and simple instructions," for example, or "Making myself understood—be it in an oral, written, or visual presentation." Communication, of course, is a two-way process, as many respondents pointed out. "The most important lesson I've had to learn," wrote one CEO, "is how to keep my mouth shut to hear what others were trying to tell me." And the CEO of a

Exhibit 3a. Learning to perform in an executive role: The interpersonal activities CEOs see as important.

Total Respondents		*Activity*	*Males*		*Females*	
Percent	*Ranking*		*Percent*	*Ranking*	*Percent*	*Ranking*
17.1	1	Communication	17.1	1	15.7	1=
13.5	2	Managing people	13.3	2	15.7	1=
13.0	3	Delegation	12.9	3	15.7	1=
9.1	4	Patience	9.4	4	2.7	8=
7.6	5	Respect	7.6	5	10.6	4=
5.2	6	Control	5.3	6	—	—
4.5	7=	Understanding people	4.6	7	2.7	8=
4.5	7=	Evaluating personnel	4.4	8	5.3	7
4.1	9	Tolerance	4.3	9	2.7	8=
3.4	10	Team spirit	3.5	10	—	—

Notes: Percentages and rankings refer to total responses, not total respondents. The ten concept categories listed account for approximately 82 percent of the total responses given.

For the female respondents, "organizing" placed as an equal fourth with "patience." "Disciplining/ rewarding subordinates" ranked sixth (8 percent of the responses). Eighth is the lowest ranking, with four other concepts in this position.

Exhibit 3b. Learning to perform in an executive role: The personal activities CEOs see as important.

Total Respondents		*Activity*	*Males*		*Females*	
Percent	*Ranking*		*Percent*	*Ranking*	*Percent*	*Ranking*
16.5	1	Strategic planning	16.7	1	8.9	3=
8.9	2	Decision making	8.9	2	5.9	6=
6.9	3	Self-discipline	6.4	3	14.6	1
6.4	4	Analytical abilities	6.2	4	11.9	2
5.7	5=	Hard work	6.0	5	—	—
5.7	5=	Flexibility	5.7	6	5.9	6=
5.3	7	Financial management	5.0	7	8.9	3=
4.8	8	Time management	4.8	8	3.0	9=
4.6	9	Knowing the business	4.3	9	3.0	9=
3.2	10	Clear thinking	3.4	10	—	—

Notes: The top ten categories account for approximately 68 percent of the total personal activities mentioned.

For the female respondents, "believe in self" ranks third and "dealing with company politics" also ranks sixth. Ninth is the lowest ranking, and a further five concepts occupy this position.

large manufacturing firm expressed his three important activities as "listening . . . listening . . . listening."

Making oneself understood and understanding what others are trying to say is part of a larger process. It should come as no surprise that the CEOs grouped communication, managing people, and delegation as the three most important interpersonal "lessons of office," with patience and respect for others coming close behind. And if we were to group the more specific categories of understanding people and evaluating personnel under the more general heading of managing people, this concept would move to the top of the list.

What we are looking at here is a cluster of ideas pointing to a single core concept. Very simply, different people like to be handled in different ways—an important lesson in terms of building trust and respect among colleagues. Trust and respect (as well as communication) are crucial issues in terms of delegation. Delegation involves handing over responsibility to another person—at the same time that the first person is likely to be held accountable for the final results. It is easy to see why communication, managing people, and delegation are the three most highly related items.

Of course, skill in the interpersonal side of management begins long before an individual is promoted to the position of CEO. In his observations of 15 general managers (each the head of a profit center, with annual revenues ranging from $10 million to well over $1 billion), John P. Kotter (1982) noted the seemingly large amount of energy devoted to network building. "All of the GMs allocated significant time and effort early in their jobs to developing a network of cooperative relationships to and among those people they felt were actually needed to accomplish their emerging agendas." This activity, Kotter observed, was most intense during their first six months in office, and the networks often extended to include peers, outsiders, bosses' bosses, and subordinates. Our findings support Kotter's hypothesis.

Also relevant is a comment by Tom Peters, coauthor of *In Search of Excellence*. Peters suggested that if he had the opportunity to retitle the book, he might consider calling it *MBWA–Management by Walking Around*. Basing his comments on observations made in hundreds of business units after the book was published, Peters explained: "I find MBWA at work in every aspect of the better-run business. At the highest level, it's the incessant travel of the leaders. Next, MBWA is the preferred, if seemingly expensive, problem-solving mode. The only way, the explicity touted way, to solve problems is face to face, now and not tomorrow."

Although male and female CEOs do seem to operate in a similar fashion, small differences of style can be detected. The men indicate a greater preference for achieving results by working in teams and also cite the need to learn patience more frequently. The two ideas may be related. Working through others often means that one cannot achieve what one wants, *when* one wants it. Women CEOs seem to emphasize achieving results by concentrating on tasks as preferable to working in teams.

Interestingly, the women identified "dealing with company politics" far more frequently than did the men. The following reasons might explain such a difference:

- Female executives experience greater constraints in terms of prejudice concerning stereotypical feminine behavior. Effective task performance in itself is not sufficient, and the women need to be aware of the problematic interpersonal relationships they face.
- Women are often more candid than men in highlighting the role of politics.
- Not only do men face fewer political problems than women, but they have greater opportunity to defuse potentially difficult relationships by discussing issues openly in a team or group setting. In other words, the political problems are both less potent and more easily confronted.

Note, also, the greater importance that the women place on organizing (see footnote, Exhibit 3a), as

well as the comparatively higher ranking given to such personal traits as self-discipline and analytical ability (Exhibit 3b). Again, this distribution suggests that the women may be placing greater emphasis on a personal approach to task achievement than on the team approach.

In terms of the personal activities, strategic planning holds the highest ranking for the men and self-discipline for the women, although both these activities are considered important by both groups. On the other personal items, male and female executives seem to give about equal weight to time management, knowing the business, understanding financial matters, and the ability to be flexible. The flexibility factor is also identified in Chapter 2, under the heading "ability to change managerial style to suit the occasion," which both male and female executives consider important.

Exhibit 4 lists the five most frequently mentioned activities, classified as either "interpersonal" or "personal." Again, note the greater emphasis on the human relations side of management.

Exhibit 4. The five most frequently mentioned learning activities.

I = Interpersonal
P = Personal

Activity	*I/P*
Communication	I
Managing people	I
Delegation	I
Strategic planning	P
Patience	I

NOT AN EASY JOB

Question: In your experience, what are the three most difficult parts of your job as an executive? See Exhibits 5a and 5b.

The activities most frequently mentioned involve interaction with other people. Recall that being able to work easily with a wide variety of people was an important factor in helping the respondents become executives as well as a skill that needed to be developed once in office. And it is also the skill that presents the most difficulty.

The frequency with which "firing" is mentioned suggests that chief executives are not as "hard headed" as is sometimes believed. It would seem that they prefer to work with and develop people rather than fire them. The various parallels between Exhibits 3a and 5a are worth noting. Again, communication, people management, and delegation—the building blocks of trust—are placed high on the list. As Exhibit 3a shows, evaluating personnel is one of the more important interpersonal skills that had to be learned. And as Exhibit 5a reveals, one aspect of that evaluation process—hiring—gives particular difficulty. This is the seventh most frequently mentioned difficult activity for the men and the sixth for the women.

On the personal activities side, "planning" and "time management" are identified as important constraints. Executives do face substantial pressures in terms of the demands placed on them. Consequently, planning activities (both corporate projects and personal workloads) can be difficult and frustrating. Related to this is time management: handling contingencies and unexpected occurrences are common in any CEO's working day. Probably related to difficulties in time management is conflict between home and work—that is, trying to allocate time so that both family and company responsibilities are met.

Recall that the basic desire to determine the central strategy of an organization according to their own principles was identified as only moderately important in helping respondents become executives. At the same time, there seems to be considerable conflict between personal concepts of how things should be done and corporate realities. The category "be-

Exhibit 5a. Activities that executives see as causing the most difficulty: The interpersonal dimension.

Total Respondents		*Activity*	*Males*		*Females*	
Percent	*Ranking*		*Percent*	*Ranking*	*Percent*	*Ranking*
30.3	1	Managing others	30.2	1	27.4	1
12.0	2	Firing	12.0	2	15.2	2
8.7	3	Communicating	8.8	3	3.0	8=
8.0	4	People relations	7.8	4=	12.2	3
7.7	5	Delegating	7.8	4=	9.1	4=
7.5	6	Conflict	7.5	6	6.1	6=
6.7	7	Hiring	6.7	7	6.1	6=
4.5	8	Patience	4.7	8	3.0	8=
4.2	9	Control	4.0	9	9.1	4=
2.7	10	Organizing	2.7	10	—	—

Notes: Percentages and rankings refer to total responses, not total respondents. The ten concepts listed account for approximately 92 percent of the total responses in the interpersonal category.

For the female respondents, eighth is the lowest ranking and a further two concepts occupy this position.

Exhibit 5b. Activities that executives see as causing the most difficulty: The personal dimension.

Total Respondents		*Activity*	*Males*		*Females*	
Percent	*Ranking*		*Percent*	*Ranking*	*Percent*	*Ranking*
13.2	1	Planning	13.3	1	7.2	3=
12.4	2	Time management	12.5	2	10.7	1=
11.9	3	Being a corporate animal	12.0	3	10.7	1=
8.2	4	Financial management	8.3	4	7.2	3=
7.7	5	Decision making	7.5	5	7.2	3=
6.2	6	Perspective	6.25	6	7.2	3=
4.5	7=	Home/work conflicts	4.5	7=	3.5	9=
4.5	7=	Administration	4.5	7=	3.5	9=
3.2	9	Staying flexible	3.3	9	—	—
2.7	10	Self-discipline	2.5	10=	7.2	3=

Notes: The concepts listed account for approximately 75 percent of the total responses in the personal category.

For the male respondents, "marketing" and "new technology" rank tenth. For the female respondents, "travel" ranks as an equal third; ninth is the lowest ranking, with a further eight items occupying this position.

coming a corporate animal" was developed by the researchers to capture a significant number of responses that pointed to this conflict. Actual answers included such statements as "putting up with company bureaucracy," "learning to play by the corporate rules," "projecting the image that I'm ex-

pected to project," "coping with incompetency on the board of directors," and the like. This category involves both personal and interpersonal skills, and could have been placed under either heading.

All in all, the results seem to suggest that CEOs see themselves, first, as individuals who have worked hard, hold unique styles and approaches to managing, and are sincerely attempting to act on their responsibilities toward the organization and its employees. Their credibility and successful performance do not stem from the fact that they are corporate people who follow a corporate line. In fact, the tension between personal views and corporate "ways of doing things" causes frequent difficulties. Rather, they are people who have achieved success by developing their skills—in dealing with both people and processes. CEOs recognize that they cannot simply dictate what they want. They need to be flexible in terms of accepting that others hold different views, and they need to adjust their own actions to accommodate organizational processes.

Exhibit 6 summarizes the answers to this question by listing the ten most frequently mentioned difficulties, classified as either "interpersonal" or "personal." Again, the interpersonal factors predominate.

Exhibit 6. The most frequently mentioned activities that cause difficulty.

I = Interpersonal
P = Personal

Activity	*I/P*
Managing others	I
Firing	I
Planning	P
Communicating	I
Time management	P
People relations	I
Being a corporate animal	P
Delegating	I
Conflict	I
Hiring	I

GETTING TO THE TOP

Question: I believe I reached this senior management position because . . .

Over all, "hard work" and "ambition" are the most frequently mentioned reasons for the male respondents reaching their current position. For female CEOs, being ambitious is particularly important and is mentioned by over half of the respondents. Interestingly, hard work is also an activity that the male respondents mention as being an important area they had to learn to perform in their job (Exhibit 3b).

"Hard work" and "ambition" are integral elements of the various key reasons for success identified in Exhibit 2: "challenge," "need to achieve results," "a desire to seek new opportunities," "a basic desire to determine the central strategy . . .," and "a determination to get to the top ahead of others." The high placement of "hard work" and "ambition" in Exhibit 7 is consistent with previous responses.

Male and female executives place equal weight on being results oriented as an important reason for their success. The primary difference between male and female CEOs, as indicated in Exhibit 7, is in keeping with previous findings. Female CEOs seem more individualistic, giving high ranking to factors such as talent, foresight and planning, and risk taking—all of which are particularly self-oriented characteristics. Male CEOs value leadership abilities and interpersonal skills (ranked lower by female CEOs), indicating that men are more oriented toward working with others.

Further, male CEOs value gaining broad experience, knowing the business, and training. Female CEOs do not seem to value such characteristics, but identify perseverance as a reason for success. Women CEOs do seem to hold a more self-oriented view of the managerial process than males.

Exhibit 7. Why CEOs feel they were able to make it to the top.

Total Respondents		*Activity*	*Males*		*Females*	
Percent	*Ranking*		*Percent*	*Ranking*	*Percent*	*Ranking*
16.2	1	Hard work	17.4	1	6.9	7=
16.0	2	Ambition	15.9	2	25.6	1
9.3	3	Leadership ability	9.9	3	4.7	11=
8.8	4	Results-oriented	9.5	4	7.6	4=
8.6	5	Luck	9.1	6	6.9	7=
8.5	6	Interpersonal skills	9.3	5	4.7	11=
6.2	7=	Perseverance	6.5	8=	7.6	4=
6.2	7=	Intelligence	6.8	7	2.9	18=
5.9	9	Broad experience	6.5	8=	—	—
5.7	10	Talent	5.3	12	11.4	2=
5.6	11	Risk taking	5.4	10=	7.6	4=
5.2	12=	Foresight/planning	5.1	13	11.4	2=
5.2	12=	Knowing the business	5.4	10=	—	—
4.8	14	Training	4.9	14	4.7	11=
4.5	15	Creativity	4.7	15	—	—

Notes: The variety of responses to this question were larger than for the other open-ended questions. The first ten concepts account for approximately 55 percent of the responses given, and the 15 concepts listed account for just under 70 percent. Again, percentages and rankings refer to total responses.

For the female respondents, "need" and "aggressiveness" rank sixth. Five other concepts occupy eleventh position, and eighteenth is the lowest ranking.

HOW CEOs SEE OTHERS

Question: What three words or phrases would you use to describe other effective executives you have known?

The results of this question are interesting in two respects:

1. They provide the basis for a comparison between how CEOs see their fellow executives and how they see themselves.
2. They give an indication of what chief executives are looking for in people they would like to see in senior positions in their own companies.

Exhibit 8 lists the top 15 answers. The first 10 answers accounted for just over half the total answers given, and the first 15 for nearly two-thirds.

Our respondents do not see other chief executives in quite the same way as they see themselves. Their own success came as the result of hard work, ambition, leadership ability, results orientation, and luck, with the interpersonal skills acting as a key catalyst. On the other hand, they think of other successful executives as ambitious, intelligent individuals who know the business thoroughly and bring both leadership and energy to their tasks. Again, the cluster of interpersonal skills is apparent.

There are a few similarities in the two views. Ambi-

Exhibit 8. How respondents describe other successful CEOs.

Total Respondents		*Activity*	*Males*		*Females*	
Percent	*Ranking*		*Percent*	*Ranking*	*Percent*	*Ranking*
23.9	1	Ambitious	24.1	1	17.8	2
16.7	2	Intelligent	17.4	2	3.7	19=
7.9	3	Knows the business	8.2	3	8.5	5=
7.7	4	Leader	7.9	4	8.5	5=
7.3	5	Energetic	7.6	5=	8.5	5=
7.2	6=	Gets along with others	7.6	5=	3.7	19=
7.2	6=	Communication skills	7.4	7	11.9	3=
6.9	8	Honest	7.1	8=	5.3	10=
6.7	9=	In control	7.1	8=	3.7	19=
6.7	9=	Creative	6.7	10	5.3	10=
6.2	11=	Compassionate	6.5	11	5.3	10=
6.2	11=	Organization skill	6.1	13	20.8	1=
5.9	13	Charisma	6.3	12	8.5	5=
5.2	14	Consistent, fair	5.5	14	3.7	19=
4.9	15	Results oriented	5.1	15	5.3	10=

Notes: Percentages and rankings refer to total responses, not total respondents.

For the female respondents, "courageous" ranks third and "aggressive" ranks fifth. Five other concepts tie for tenth, and nineteenth is the lowest ranking.

tion is important in both cases, as is leadership ability and the interpersonal skill area. But here the similarity ends.

Hard work, a factor that the male CEOs identified as leading to their success, is not even mentioned in describing other effective executives. Probably the most directly comparable word is "energetic." The greater frequency with which intelligence is mentioned in describing others is also interesting, as is the perception that other CEOs are creative people as well as people who "know the business." Particularly noteworthy is the low ranking of "results oriented" in describing other effective executives. Sixteen percent of the CEOs gave it as one of the reasons they had reached their position and "a need to achieve results" was given as a crucial influence in their management development (Exhibit 2). It is something they can (and feel they need to) achieve before they can become an executive, but see it as being less important in terms of the success of others.

The fact that 10 percent of the respondents mentioned "honesty" in describing others is also noteworthy. The question of honesty has not yet arisen in this report, although "integrity" is mentioned by 3 percent as an important characteristic to learn to perform as an executive, and "ethics" is cited by one percent as one of the most difficult parts of an executive's job.

The respondents recognize and appreciate ethical behavior in others but seem to indicate a low need to mention it when analyzing themselves. This may, again, indicate a training need, especially since business ethics is a relatively new area of study.

Exhibit 9. Activities that CEOs see as taking up the most time.

Total Respondents		*Activity*	*Males*		*Females*	
Percent	*Ranking*		*Percent*	*Ranking*	*Percent*	*Ranking*
28.1	1	Planning (general)	29.2	1	21.7	1
19.7	2	Meetings	19.9	2	19.1	2=
14.2	3	Reading	14.5	3	12.3	6=
14.0	4	Paperwork	14.4	4	16.1	4=
11.9	5	Controlling	12.2	5	7.9	12=
11.2	6	Staff interruptions	11.4	6	12.3	6=
10.7	7	Telephone	11.0	7	10.7	10=
10.1	8	Communicating	10.2	8	12.3	6=
9.7	9	Thinking	9.9	9	7.9	12=
9.6	10	Problem solving	9.6	10=	16.1	4=
9.4	11	Personal problems	9.6	10=	3.8	16=
8.9	12	Corporate relations	9.1	12	12.3	6=
8.7	13=	Financial management	9.0	13	10.7	10=
8.7	13=	Marketing	8.7	14	19.1	2=
7.1	15	Monitoring	7.4	15	7.9	12=

Notes: Percentages and rankings refer to total responses, not total respondents. The range of answers here was smaller than for the other questions, indicating a greater consensus. The 15 concepts listed account for over 83 percent of the total responses.

For the female respondents, "preparing reports" ranked twelfth. Sixteenth is the lowest ranking, and a further two duties occupy this position.

HOW CEOs USE THEIR TIME

Question: What three things take up most of your work time?

"Planning" is by far the most frequently mentioned duty, cited by nearly 46 percent of respondents. See Exhibit 9. It also features quite prominently as one of the most difficult parts of a CEO's job and one of the most important lessons of office.

Too many meetings, too much reading, and avalanches of paperwork—all complaints voiced often by senior executives. "Attending meetings" was mentioned by just under 30 percent of the respondents, and "reading" and "paperwork" are the next most frequently mentioned activities.

The emphasis CEOs give to interacting with others is apparent in Exhibit 9. Four of the ten most frequently mentioned activities, namely "reading," "paperwork," "thinking," and "personal problems" (in relation to operating the company) could be claimed to be individual activities. The remainder involve interacting with others.

HELPING OTHERS GET TO THE TOP

Question: What do you consider to be the three key management development areas that should be

Exhibit 10. Areas that CEOs feel should receive greater emphasis in helping others achieve leadership positions.

Total Respondents		*Activity*	*Males*		*Females*	
Percent	*Ranking*		*Percent*	*Ranking*	*Percent*	*Ranking*
15.4	1	Human relations	16.3	1	13.3	2=
13.5	2	Communication	13.9	4=	18.6	1
13.4	3	Planning: short term/strategic	14.1	2=	13.3	2=
13.1	4	People management/leadership	13.9	4=	8.1	5=
12.9	5	Decision making/responsibility/ freedom to make mistakes	14.1	2=	2.7	20=
7.5	6	Finance	8.1	6	5.4	11=
7.4	7	Enterprising skills	7.8	7	8.1	5=
6.0	8	Delegating	6.3	8	5.4	11=
5.2	9	Broad experience/background	5.5	9	5.4	11=
4.6	10	Understanding the organization	4.9	10	5.4	11=

Notes: For the female respondents, "teamwork" ranked fourth, four other items tie for fifth (including "marketing"), and a further five concepts are in the eleventh position. Again, percentages and rankings are based on total responses.

stressed in developing others for positions of senior responsibility in your organization?

The respondents answered this question after a great deal of reflection on their own career success and management experiences. Coming in this context, the answers point directly at the reality of managing, rather than at an idealized management development curriculum. Exhibit 10 tabulates the ten most frequently mentioned areas, and these answers account for nearly 65 percent of the total areas mentioned.

Again, the respondents gave particular emphasis to human relations and communication skills and other aspects of people management. Viewed in terms of total respondents (rather than total responses), the results show that 28 percent of the participants mentioned "human relations" and just over 24 percent cited "communication." The frequency with which "delegation" is mentioned is again interesting. Presumably, it is their ability to delegate effectively that allows chief executives to release for themselves a resource that they have particular difficulty in managing: namely, time.

Except for "planning" and "finance," the more technical aspects of managing received comparatively little emphasis. Although it did not place among the top ten, "technical education" was mentioned by approximately 6 percent of the total respondents (ranking thirteenth in terms of total responses), and "training" (unspecified) was mentioned by about 4 percent. The infrequent mention of training-related activities is not surprising, in view of the low importance assigned to this item in the first section of the questionnaire. This, however, could be the result of training programs that are not sufficiently job-related.

A plea for a closer link between management development and work-related experience is implicit in many of these answers. Note, for example, that "decision making" is related to "freedom to make mistakes"—something that can happen only if the decisions are made in a real-world context. Also, the skills needed to be "enterprising" cannot be taught in traditional management development programs. Nor, for that matter, can "broad experience" and "understanding the organization" be acquired by reading a textbook. True, the foundation for such

expertise and understanding can be taught in a course, but the actual "learning" has to come from the dynamics of living and working in a real organization.

Nor should such items be overlooked in efforts to develop leadership talent. An understanding of the organization, for example, facilitates delegation, improves the executive's skill in developing an influential network, contributes to effective communication, and is vital in dealing successfully with company politics.

Clearly, then, the respondents are calling for management development programs that work pragmatically and experientially, rather than "academically." What should such programs and curricula look like? This is the subject of the next chapter.

4

IMPLICATIONS for MANAGEMENT DEVELOPMENT

How can we tell that a young executive has what it takes to be a high flier? And what practical and educational experiences does such a person require in order to reach his or her full potential? The answers to these questions may well come from assessment techniques that are now vastly underutilized and from nontraditional forms of management development now emerging.

The survey results identify those factors which CEOs see as leading to their career success and contributing to their effective performance once in the CEO's role. Obviously, not all effective managers will attain CEO positions. But the majority can benefit by developing those attributes associated with success and effectiveness. Consequently, the data can be used to generate guidelines as to how senior managers and executives, in general, can be trained and developed.

The recommendations in this chapter draw on the research in order to suggest answers to five questions:

1. How can we tell that a young manager has executive potential?
2. What practical experience does a high-potential executive require?
3. How long should a high-potential manager stay in one job?
4. What approaches to off-the-job training hold the most promise?
5. How important is on-the-job management development?

Answers to the first three questions provide insight into the systems and procedures needed to ensure that those with high potential are identified and their talents developed through practical experience. Answers to the latter questions confront the issue of what specific training and development can be provided for CEOs and those with CEO potential.

1. How can we tell that a young manager has executive potential?

The *need to achieve results* is rated as the item of first importance by the majority of chief executives. This is the factor which they consider as having the highest influence in their own management development. Although this is a highly personal view, it indicates the importance chief executives place on determination to achieve results. Our efforts to find new ways to develop employees with high potential might well begin by looking at how such achievement can be identified and encouraged.

First, note that surprisingly few organizations actually try to measure an individual's need to achieve.

The assumption, perhaps, is that this attribute cannot be measured. However, it is possible to do so, as Ghiselli (1971) and Fineman (1975) have shown. Both have produced easy-to-use tests of this trait.

Such tests are useful when one does not know the track record and previous performance of an executive. Thus, the tests are very helpful in selecting people who are joining an organization straight from a university or college, or who are moving to an organization in mid-career.

One would not normally consider applying such tests to executives who had been with an organization for a period of time. Track record, after all, is one of the best indicators of future performance. Achievement should be measured through actual performance rather than through tests. However, where this track record is not easily identified (as in the case of the newcomers), we would strongly recommend the application of need-for-achievement tests as a key factor in identifying whether executives are likely to have the necessary attitude and determination to succeed. Such tests in themselves do not give the answer. But they will give an indication of a person's basic orientation. This information can be of vital importance in making decisions that have far-reaching financial implications.

The second aspect of the need to achieve results has been addressed on a number of occasions by McClelland (1965). Along with his colleagues, he has argued that a need to achieve can be encouraged and developed through training programs, the results of which suggest that the achievement motivation *can* be inculcated over a period of time. Still, training is no substitute for a person's natural desire to achieve results and set high standards.

One further point. The chief executive often serves as a catalyst in encouraging others to achieve results and improve upon previous performance. Senior executives might well become involved in such achievement training, if only so that they knew how to motivate others to improve their own achievement levels.

2. What practical experience does the high-potential executive require?

Accountability for profit and loss. The job of managing, like so many other things in life, is learned primarily by doing. It is therefore vital that those people who are moving toward senior positions have the opportunity to acquire the necessary experience at the right time. Rather than leaving such experience to chance, opportunities can be built into the organization's manpower planning system. The first of these is to carve out positions that enable people to have challenging jobs and overall accountability for running part of the business. This means that the organization must not be too centrally constructed. If the organization can divide up its work into profit and loss units, executives can get the experience of running an operation which, while interdependent with the rest of the organization, stands on its own as a measurable business center.

MANAGERIAL ACCOUNTABILITY

The system that Harold Geneen became famous for establishing at ITT had a significant impact on management development. Under the microscope of Geneen and his senior colleagues, all his managers had to report on a regular basis how their particular areas of business were performing and take responsibility for their budgets and plans. While this particular system was extremely demanding and stressful, it nevertheless gave people considerable experience in running a business and taking responsibility for the important task of managing the profit and loss function.

Some businesses lend themselves more to this form of organization than others.

Consider, for example, that in the retail industry managers often have an opportunity to take over management of a retail outlet at a relatively young

age. It may be far more difficult to find similar economic units in other, more technologically sophisticated industries. Wherever possible, however, economic units should be established so that young managers can have the experience of leading a team—whether it be five, a hundred, or five-hundred people. They learn that "the buck stops" with them for overall performance.

Early personal leadership is important. The second vitally important area of practical experience for those people who are prospective leaders should be in developing personal leadership abilities. Unless an executive can learn how to allocate work, resolve differences of opinion, chair meetings, motivate people, resolve conflicts, and a host of other practical leadership tasks, he or she will not be able to move to high office. It has often been said that management is "getting things done through persuading other people." The way to learn this is to gain a leadership post early in one's career.

Most of the managers we have talked to feel that this experience must come before the age of 30 and preferably before the age of 25. Two-thirds of all the people responding had received their first leadership command prior to the age of 30, with all but 10 percent being in such a position before reaching the age of 35. Perhaps the most interesting finding, however, is that 41 percent of all respondents had, in fact, gained their first leadership command before the age of 25.

It is perhaps more difficult now than in the past to gain leadership experience early in one's career. Business now requires more professional specialists, and people spend longer periods in the formal educational process. Again, however, the organizational structure can be designed to facilitate the creation of leadership positions. Actual leadership of people with budget and staff management accountability must take place early in an executive's career.

Width of business experience is vital. Prospective leaders also need a broad view of their business. This can only be gained by having experience in more than one of the business functions at a relatively early age. In our experience, too many people are held in the area of their original technical training (Margerison 1979a). For example, engineers who spend all their time in the production function cannot know much about the total business. And too many accountants spend virtually all of their time in the finance and accounting function without learning much about marketing, sales, personnel, and production.

If, however, senior managers are to learn how to run an integrated business, it is vitally important that they have experience in two or three functions of the business prior to the age of 35. They cannot be expected to be experts in each of these areas. Therefore, it is more likely that they will gain this experience by receiving assignments in which they apply their technical skills—but in an area other than their own specialty. For example, a marketing person may advise the production function on the various issues related to design, distribution, and development. Likewise, a production person could well learn a lot by working for a period in the marketing area. These moves should be planned rather than ad hoc.

In addition, people with high potential should be allocated to project groups, working committees, and task forces which enable them to get a wider view of the business by working on specific tasks. This is already being done with great success in a number of organizations.

Jobs with challenge and support. The research shows that the chief executives respond to and learn from challenges. Therefore, managerial jobs for people in their 20s and 30s must include tasks where they can be stretched. The jobs should be designed in such a way that the manager can have identifiable goals which are sufficiently difficult to make them challenging, but not so unreasonable as to be demotivating. Organizing jobs on this basis is not easy. It is also vitally important that executives receive regular feedback on their performance and (as under the Geneen system) report on a regular basis. The reporting relationship allows for guidance and constructive criticism on how to improve. There needs

to be some tension in the design of the job and the reporting system. At the same time, the jobs must allow the individual manager sufficient discretion to make decisions and get on with the job in his or her own way, while having the counsel and support of senior managers.

These four factors are key issues in the design of any management development system. In essence, they relate to making sure that the jobs people have stretch them, enable them to gain feed-back on their performance, provide a challenge, and help them widen their understanding of the various business functions. Above all, such a system must enable people to gain experience and confidence in leading people in different tasks and at different levels.

3. How long should a high-potential manager stay in one job?

It's dangerous for managers who have senior executive potential to stay in one job too long.

Indeed, it may, at times, be advisable to move a person on even when the individual is doing an excellent job and the business may suffer temporarily in that area as a consequence of the move. However, if this person is to make progress and learn the rest of the business, then the short-term benefit of keeping the status quo may have to be forgone.

What is essential is that a manpower development plan be established in all organizations. Most large organizations today have plans which indicate possible options for individual careers marked against the needs of the organizatio.. in terms of the business plans. Although such manpower development plans do not guarantee any individual a series of promotions, they do facilitate the development of senior managers by providing the appropriate education, training, and experience.

4. What approaches to off-the-job training hold the most promise?

Management courses have grown both in number and variety over the last two decades. Yet CEOs in this survey indicate that off-the-job management courses have *not* played an influential part in their development. One wonders for how long this state of affairs can continue. New technological developments are revolutionizing office facilities and information systems. CEOs need to keep up to date with these and other developments so as to foresee the requirements of their own organizations. Prog-

HOW CEOs CAN WORK WITH BUSINESS SCHOOLS

At Cranfield School of Management in the U.K., a top professor in robotics, another in information sciences, and a third in management development are running a management program just for CEOs in the center of London. This partnership of three professors, each an expert in his own field, brings together three individuals who would normally have little in common with each other. The program runs one evening a week for five weeks, with each session lasting for three and a half hours. The teaching inputs are based on the results of a number of separate surveys on the training requirements of CEOs.

What makes this program particularly unique is that two or all three professors attend each session, not just to teach but to stimulate debate and provide a *personal* and confidential service, discussing and examining each CEO's work-related problems and attempting to link classroom training with real-life problem solving.

The CEOs, in response, indicate that they appreciate the personal attention and especially the attempt to make training and development realistic and practical. Some valuable in-company work has resulted from these seminars, in that the professors have been invited inside the company to research and attempt to solve existing problems in the organization.

ress is rapid, and we are moving into an era in which senior managers will need continuous education.

The research indicates that CEOs also face problems in managing their time, largely due to the various demands made upon them. How can continuous education be achieved in the face of such severe time constraints? What is required is short, sharp, and relevant injections of knowledge and skills as part of a planned process of continuing development over a

LINKING RESEARCH, SKILL DEVELOPMENT, AND ON-THE-JOB EXPERIENCE

The AMA Competency Program offers a unique approach to management development, with both the research that gave birth to the program and the training itself anchored in on-the-job activity. In fact, the background research and the training are inseparable.

Working primarily with AMA funding, McBer and Co., a Boston-based research firm, first identified over 2,000 managers judged to be average or superior performers, then tape-recorded interviews in which these managers narrated at-work incidents in their careers. An exporting manager, for example, told about how he sparked engineering and production personnel to get an important shipment out before a letter of credit expired. And a production manager, to give another example, cited a case in which he saw that one of the company's existing low-profile products could be repositioned against a competitor's product in a different segment of the marketplace (Boyatzis, 1982).

What do the stories have in common? Both managers reveal a strong "efficiency orientation," defined as a "concern for doing things better," measured against preestablished standards of excellence. This is one of 18 such competencies identified and validated (through a comprehensive coding process) as marks of high performance.

During the assessment phase of the competency program, participants engage in group problem-solving and role-playing sessions that simulate work experience. These group sessions are videotaped, then "coded" using the same rigorous process applied during the preliminary research. The result is a profile of how each participant measures up against the 18 competencies.

After getting feedback and viewing the videotapes, participants often map out development programs that they take back to the workplace. The participants select a particular competency on which to focus, indicate the learning resources they will use (college courses, AMA skill courses, and the like), and then document their performance in any number of ways: descriptions from a supervisor, a video or audiotape, a narrative, and so on.

Interim audits (to measure improvement) are conducted using videotaped role-playing exercises. In order to complete the program, participants must demonstrate all of the 18 competencies. When all of the requirements are met during any given interim audit, that session becomes the participant's final audit.

To date, approximately 500 managers have participated in the assessment lab, and about 50 have enrolled for the full master's degree. The beauty of the program, according to course leaders, is that the participating managers and their companies benefit immediately. Because the competencies are performed on the job and over a period of time, the training has long-lasting impact.

number of years. In essence, this would require executives to set aside *two or three weeks* for training, development, and management education per year. In other professions, such as medicine and law, such practice is commonplace.

What are the key aspects of management education? For management education to be effective, it needs to be integrated into the career plan of the individual concerned, and it needs to address the problems and challenges faced by the individual's organization.

The linking of management education to the needs of the individual will occur through a well-managed appraisal process. Hence, a portfolio of training experiences can be organized for each executive, including short-course general management programs, evening programs, one-off seminars, and even long programs, such as a masters in business administration. Both in the U.S. and the U.K., part-time MBA programs are a popular form of management education. The individual keeps his or her full-time job but also attends MBA classes in the evenings or on weekends for a two- to three-year period. Whatever management education experiences are adopted, the principal aim is to develop the person off-the-job in a way that is in line with that person's current and expected progress in the organization.

Addressing the needs of the organization will occur only if management education institutions make it a consensus policy decision to do so. Already, certain new developments in business schools and management colleges are pulling the academic world into closer association with business organizations. In some institutions, faculty and staff specialize in providing tailor-made educational programs for particular organizations after surveying the problems and needs of the organization. An additional approach is the development of consortia for specific industries or particular functions. Consortia are a form of joint development activity whereby companies from a particular industry come together to organize their own training and development experience with the assistance of a management education institution. By sharing problems and discussing alternative approaches under the guidance of business school faculty, managers seem to gain far more than from attending general management programs. The bringing together of managers from various companies to share problems and solutions by far outweighs any potential problems that might develop—confidential information being given away, for example. Another form of joint development activity is action learning, which by now is a well-established, respectable, and powerful approach to management education.

Another development of considerable importance is taking shape. Industrial and commercial organizations are setting up university-type development programs. McDonald's Hamburger University is perhaps the most widely known, and other organizations are beginning to follow this example (see the box, page 41).

In the future, each organization's own university-type educational program, integrating formal learning with practical experience, may well become the central focus of much management education. Under this arrangement, senior executives will get management degrees from their organizations after completing certain educational activities. The programs will provide the educational components *and* the experience necessary to do a senior management job. Ironically, it may well stimulate the formal education system to collaborate more closely with business.

Peters and Waterman (1982), the authors of *In Search of Excellence*, indicate that management education must be more practical and in closer collaboration with business education institutions and industrial and commercial organizations. A comment worth heeding.

A comment by Alfred P. Sloan of General Motors is of particular relevance. "There are two ways of running any kind of business. They are the 'hunch' method and the scientific way. By temperament and education, I have always followed the latter. It has paid me big returns, and it will for others."

THE CORPORATE COLLEGE

Corporate college: *an institution that offers postsecondary degrees; initially established by a profit or nonprofit organization whose primary function is not as a degree-granting institution. Sponsoring organizations include businesses, hospitals, services, manufacturing corporations, and professional associations and clubs.*

Corporate colleges are not a new idea. As early as 1888, Westinghouse provided its employees with entry-level training. More recently other companies have introduced educational facilities for a variety of reasons. During World War II, for example, Northrop Industries established Northrop University to train airplane technicians for the firm. General Motors started the General Motors Institute in the 1920s to provide the company with automotive engineers. Dr. An Wang founded the School of Information Technology to train people to become highly skilled computer software engineers.

There are currently 14 corporate colleges in existence, all of which have either received or applied for degree-granting status. Seven have been granted institutional accreditation by the New England, Southern, Western, North Central, and Middle Atlantic Associations. While they do not pose a direct threat to most traditional institutions of higher learning (most do not offer liberal arts education because it does not meet the immediate needs of a corporation), they are providing some competition in specific professional and vocational areas, such as engineering and technical instruction, business and management, and allied health.

Why, exactly, are business and industry turning to in-house training and education?

- At the entry level, in-house training helps mold employees into the kinds of workers the company wants.
- Because rapid technological change causes skill obsolescence, corporations need the kind of up-to-date expertise that is unavailable at universities.
- Organizations feel that universities fall short in teaching the basic skills, such as communication—a large portion of corporate instruction concentrates on human relations and communication skills.
- In-house instruction is considered a cost savings. Companies find that beyond a certain point, it costs less for them to develop their own educational resources than to pay for education on the outside. (A 1977 Conference Board Survey revealed that approximately 80 percent of corporate expenditures for employee education were spent on in-house programs.)
- In the case of the Wang Institute, Dr. Wang was unable to find any institution in the country that would be able to set up programs as quickly as he could or that would be as flexible about administrative policies.

Our research supports the notion that running a business involves the application of well thought out, logical principles—and that the best proving ground for a person's expertise in applying such principles is practical experience. It is likely that "Action Learning" as a philosophy will become more important in the future. The role of the CEO will be to organize initiatives that push the organization forward and, at the same time, to facilitate the education and development of younger executives so that they too can successfully manage these new initiatives.

5. How important is on-the-job management development?

The CEOs surveyed see personal achievement and individual drive as vital contributors to their success. By implication, the successful and effective executive is one who believes in self-development. Hence, any on-the-job learning experience should contribute to the process of self-development. Five areas of self-development can be identified:

- Self-understanding.
- Developing effective management teams.
- Working with consultants.
- Improving presentation skills.
- Allocating time to personal development.

Self-understanding. CEOs attribute much of their success to personal characteristics which they have developed. It is important for them to realize which strengths and weaknesses, skills and styles need further development. Various tests, questionnaires, and exercises are available for this purpose, and these tools can stimulate the senior executive to improve areas of weakness (Margerison, 1979b). Often, the executive already suspects that he or she needs to focus on certain areas—skills, attitudes, management styles, and the like—and the testing usually confirms the suspicion. The numerous senior executives we have trained in this way have repeatedly stated how valuable the testing experience is.

A further benefit of such tests is that they identify differences among senior executives. Each person is likely to develop a particular style and approach to managing people situations. Problems can occur when one executive does not understand or appreciate the managerial style (and hence, the strengths) of a colleague. Such lack of understanding may not lead to problems; the two may deliberately work in separate areas of activity so as not to spark conflict. Yet, more often than not, problems do arise which can lead to lack of cooperation, mistrust, and "playing politics." Once individuals gain certain insights concerning the styles and skills of others, poor working relationships are likely to improve, often quite dramatically.

The process of personal development and the effective use of tests can be formalized in assessment centers which adopt a career development philosophy. However, the traditional assessment centers attempt to identify high fliers by using such measures and exercises. Our experience is that traditional assessment centers are only of limited value, largely because the most powerful form of assessment is one directly related to job performance. In contrast, if the assessment center experience is used as an opportunity for people to consider their abilities, strengths, and weaknesses, and to identify appropriate action plans for themselves, then a great deal is achieved.

We strongly advocate that the emphasis should be on development rather than assessment. A key finding of this survey is that top executives are made (often self-made) but most certainly not born. The evidence indicates that by using the assessment center process for discussion and self-development, rather than for simply labeling people as high fliers, executives with high potential will naturally emerge.

Developing effective management teams. Individuals require development, but so do groups. Virtually all managers work in groups, be they functional, technical, or product-oriented.

Many managers now work in teams, and even more will do so in the future. Working in teams involves closer, more intensive interpersonal relationships. Teams tend to be formed for particular reasons and hold specific objectives. Managers in a team are likely to hold clear roles and can meet their objectives only with the cooperation and assistance of other team members. Individual objectives are often subsumed by team objectives. The team members need to progress at a relatively uniform rate since their tasks are likely to be so interrelated that no one individual can move at a substantially faster or slower pace than his or her colleagues.

CEOs, in particular, spend much of their time in a team setting—the top management team of their organization. The team will involve itself in identifying longer-term strategies and objectives, debating

TEAM DEVELOPMENT AT THE TOP

An American CEO of a multinational chemical company recognized that his organization faced a number of problems. One evening, he stayed later in the office to list the various problems. He identified that:

- He was newly appointed and only just coming to terms with the organization.
- The last three CEOs had been sacked over the past four years.
- The management team was split by quarrels, rivalries, and internal politics.
- The organization was losing market share.
- The organization needed to implement a reinvestment program to replace redundant and worn out plant equipment.
- He had one year to make an impact if he was to survive.

He decided that nothing would improve unless the members of the top management team learned to work effectively together. He called a business school professor whom he knew by reputation and asked for help. The professor agreed and suggested that the top managers go away to a hotel for training and development but that the team should hold one of its regular meetings at the hotel. The CEO agreed.

At the hotel, the consultant asked the team to proceed with its normal team meeting, with him acting as observer. After approximately two hours, the consultant stopped the meeting and pointed out certain problems in the way the meeting was conducted. He asked the executives, including the CEO, to complete a number of tests. The executives became so interested in the tests that they openly shared the results of them with their colleagues. By the second day, most of the difficult and sensitive issues were being discussed openly.

The consultant then asked the team to once more start their team meeting from the beginning. He made a few minor interventions, suggesting improvements on how to run the meeting. At the end of the two days, all agreed that the experience had been worthwhile.

Six months later:

- The team has decided on and is sincerely committed to a major reinvestment program.
- Executives on the team are cooperating in order to find ways of improving market share.
- Mistakes committed by team members are not personalized but are openly discussed to find ways of improving the situation.
- Appropriate and relevant training programs have been introduced for key senior managers below board level.
- The CEO predicts that by late 1985, the company will have recaptured market share.
- Two new product lines are being planned for early 1986.

medium-term problems, fire-fighting, discussing possible alternative objectives for divisions, departments, or functions, and the like. Hence, top management teams can debate some operational and strategic issues openly, while other issues seem far too sensitive and difficult for free discussion. However, it is important that all key issues be discussed and individual team members feel that their contributions are recognized and appreciated. Developing such an attribute of openness on sensitive issues is sometimes not easy, but it is necessary.

Although the survey respondents did not identify the need to achieve more effective teamwork as a top-priority concern, we recommend team development be considered an important on-the-job development objective.* The training technology for team development is similar to that discussed under self-understanding, except that it is applied in a group setting. The workplace provides an innovative and stimulating setting for team development. Initially, the team may require a certain amount of training away from work in a suitable environment such as a hotel or business school. From there on, training and development can take place at normal business meetings. In this way, people learn while doing their jobs. If issues are not handled well at the meeting, the team can start again and reappraise any decisions made before individuals become too committed to those decisions. For such developmental experiences to be well managed, the services of competent, professional consultants may be required.

Working with consultants. Utilizing tests and questionnaires and developing teams requires the services of a third party, or consultant. Such an individual is likely to be a trained behavioral scientist, qualified to administer such tests, but most of all capable of providing counseling, feedback, and analysis on a personal or group basis. Although such a personalized approach to consultancy has been available for some time, many CEOs have not made use of such a service. For many, a consultant is still a person hired to examine a situation and submit a report.

*Although not identified as an important need over all, the female CEOs, in particular, rank the need for team development high on the list.

For effective on-the-job development, on an individual basis or in a team setting, the services of a professional behavioral science consultant are required (Kakabadse 1983b). This is especially the case if tests and like instruments are to be used. Such a person would need to understand the problems, issues, and sensitivities among individuals, teams, and units in the organization and stimulate learning within the circumstances of that organization.

Presentation skills. As executives get higher in the organization, they have to make more public presentations, not only to their own staffs but to outside public groups as well as on television. There is therefore a need to gain skill in making such presentations. Speaking to twenty people is not the same as speaking to two hundred, or indeed, two thousand. Speaking in a lecture theater is not the same as speaking on television. Being able to handle difficult questions put by news reporters or television interviewers is not the same as responding to questions or making presentations in the boardroom. These are special skills and need to be learned. Increasingly, senior executives are taking these matters seriously. The standing of their organizations depends heavily on the quality of their presentations in these various arenas. The fact that many chief executives are taking special television training and learning how to get their messages across on t.v. without seeming to be defensive or caught off guard points to a growing trend.

Time given to personal development. CEOs should not underestimate the amount of training they need. The world changes at a vary rapid rate, and it is easy to become out of date. We would therefore advise that chief executives and senior managers establish a policy governing their own training similar to that which is established for people elsewhere in the organization. Just as the finances of a business have to be budgeted, so do training and development. On the basis of our experience, it seems sensible for chief executives and senior managers to allocate at least 5 percent of their time to attending external conferences and courses and to keeping up to date with new issues. If they are in an industry that is subject to rapid change, such as many of the high-technology industries, then we would suggest this percentage should be nearer 10 percent of their available time.

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